

counselor sues CIA

HONOLULU (AP) — Hawaiians knew Ronald Rewald only as a society figure, the owner of a polo club on Oahu's north shore, until the day he was found by the manager of the Sheraton Waikiki with his wrists slashed.

That was the day after a television station reported that state and federal agencies were looking into the financial activities of Rewald's investment counseling firm.

Since then the plot has thickened. Rewald survived his suicide attempt, but his name has become entangled with the CIA, his firm has gone bankrupt, he has been charged with theft by deception, and authorities say he may have stolen millions of dollars from investors and used the money for his polo club, lavish home and a fleet of fancy cars.

Now he has joined forces with his former clients to sue the CIA, saying the agency may be the key to as much as \$17 million in missing funds.

The lawsuit, filed last week in U.S. District Court in Honolulu, seeks \$671 million from the agency for damages related to the collapse of his company — Bishop, Baldwin, Rewald, Dillingham and Wong.

But the details of the suit are still secret. The specific grounds of the case may not be released, under an order signed by U.S. District Judge Martin Pence.

The *Honolulu Star-Bulletin* has reported that at least one CIA agent used the firm as a cover. The newspaper has also reported that several former business associates of Rewald's believed the company was doing work for the spy agency.

The CIA has acknowledged using Rewald's firm as a maildrop, but says the agency wasn't involved in the formation of the company and had nothing to do with Rewald's use of investor's funds. The agency has contended Rewald had only minor ties with the agency.

Investors say otherwise.

In a separate \$5.5 million suit against the agency, a group of Northern California investors contend they were told by Rewald that funds placed with the firm were "secured and backed by the full faith and credit" of the United States and guaranteed by the CIA.

That suit was filed by Robert W. Jinks of Napa, Calif., and 14 Napa County investors who say they placed \$597,938 with the firm between October 1982 and June 1983.

In pressing Rewald's claim against the agency, Rewald's civil attorney, Robert Smith, has joined forces with San Francisco attorney Melvin Belli, who is representing a third group of investors who say they placed money with the firm because they thought it was connected to the CIA.

Rewald, who has been out of jail only two weeks, has received permission from Circuit Judge Robert Won Bae Chang to travel to the U.S. mainland to meet with Belli in San Francisco and with Rewald's family in the Milwaukee area.

Rewald, 41, was arrested Aug. 8, after recovering from his suicide attempt.

On July 28, Honolulu television station KHON had reported that state and federal agencies were looking into the financial activities of Rewald's firm and some of the claims made by company officials.

The same day, Rewald checked into the Sheraton Waikiki. On the morning of July 29, a manager came to Rewald's room to find out why he hadn't checked out. Rewald had slashed his wrists with a razor blade.

Among the questionable practices reportedly under investigation, according to KHON, were claims that deposits in the firm were insured to \$150,000 by the Federal Deposit Insurance Corporation.

That would be "impossible on its face," said Mary Bitterman of the state Department of Commerce and Consumer Affairs, because the FDIC only insures banks or savings and loan associations, and then only to \$100,000 per account.

Investigators were also curious about company claims to investors of guaranteed returns of 20 percent.

Investors in the firm included John Kindschl, former CIA station chief here, and Lt. Gen. Arnold B. Powell, the retired commander in chief of the